

HOUSE BILL No. 1556

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-30-8-9; IC 4-32.

Synopsis: Charity gaming and lottery. Requires the procurement rules of the lottery commission to give preference to Indiana vendors. Voids certain proposed rules regarding charity gaming. Incorporates certain rules by reference into statute. Requires qualified organizations to use at least 5% of the organization's charity gaming gross receipts for the organization's charitable purposes. Specifies that the gaming card excise tax is imposed upon distributors. Allows the advertising of charity gaming events through out of state media outlets. Prohibits suppliers from becoming involved in an allowable event in any other capacity. Prohibits qualified organizations from entering agreements with affiliated persons. Makes other changes concerning the licensing of qualified organizations.

Effective: Upon passage; July 1, 2003.

Liggett, Whetstone, Adams T

January 16, 2003, read first time and referred to Committee on Public Policy, Ethics and Veterans Affairs.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1556

A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-30-8-9 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE UPON PASSAGE]: Sec. 9. **(a)** IC 5-22 does not apply
3 to procurement by the commission.

4 **(b)** The commission shall adopt rules under IC 4-22-2 for
5 procurement. The rules shall be designed to aid the commission in
6 evaluating competing proposals and selecting the proposal that
7 provides the greatest long term benefit to Indiana with respect to the
8 quality of the product or services, dependability and integrity of the
9 vendor, dependability of the vendor's products or service, security,
10 competence, timeliness, and maximization of gross revenues and net
11 proceeds over the life of the contract.

12 **(c) The rules adopted under subsection (b) must give preference**
13 **to the proposals offering the products and services of vendors**
14 **located in Indiana who meet the criteria set forth in subsection (b).**

15 SECTION 2. IC 4-32-7-3 IS AMENDED TO READ AS FOLLOWS
16 [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a)** The department may
17 adopt rules under IC 4-22-2 for the establishment, implementation, and



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operation of allowable events or to ensure that the allowable events are consistently operated in a fair and honest manner.

(b) The department may not adopt rules imposing restrictions upon the manufacture or distribution of charity gaming supplies and equipment that are in addition to the requirements of this article.

SECTION 3. IC 4-32-8-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5. IC 4-21.5 applies to protests and hearings under this article.**

SECTION 4. IC 4-32-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) A qualified organization is not required to obtain a license from the department if the value of all prizes awarded at the bingo event, charity game night, raffle event, or door prize event, including prizes from pull tabs, punchboards, and tip boards, does not exceed one thousand dollars (\$1,000) for a single event and not more than three thousand dollars (\$3,000) during a calendar year.

(b) A qualified organization described in subsection (a) that plans to hold a bingo event more than one (1) time a year shall send an annual written notice to the department informing the department of the following:

- (1) The estimated frequency of the planned bingo events.
- (2) The location or locations where the qualified organization plans to hold the bingo events.
- (3) The estimated amount of revenue expected to be generated by each bingo event.

(c) The notice required under subsection (b) must be filed before the earlier of the following:

- (1) March 1 of each year.
- (2) One (1) week before the qualified organization holds the first bingo event of the year.

(d) A qualified organization described in subsection (a) shall maintain accurate records of all financial transactions of an event conducted under this section. The department may inspect records kept in compliance with this section.

(e) A qualified organization may not conduct an allowable event under this section if the qualified organization's license is suspended or revoked under section 16 of this chapter.

SECTION 5. IC 4-32-9-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each organization applying for a bingo license, special bingo license, charity game night

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license, raffle license, door prize drawing license, or festival license must submit to the department a written application on a form prescribed by the department.

(b) The application must include the information that the department requires, including the following:

- (1) The name and **street** address of the organization.
- (2) The names and **street** addresses of the officers of the organization.
- (3) The type of event the organization proposes to conduct.
- (4) The location at which the organization will conduct the bingo event, charity game night, raffle event, door prize event, or festival.
- (5) The dates and times for the proposed bingo event or events, charity game night, raffle event, door prize event, or festival.
- (6) Sufficient facts relating to the organization or the organization's incorporation or founding to enable the department to determine whether the organization is a qualified organization.
- (7) The name **and street address** of each proposed operator and sufficient facts relating to the proposed operator to enable the department to determine whether the proposed operator is qualified to serve as an operator.
- (8) A sworn statement signed by the presiding officer and secretary of the organization attesting to the eligibility of the organization for a license, including the nonprofit character of the organization.
- (9) Any other information considered necessary by the department.

(c) The department may not accept an application containing a post office box address rather than a street address required under this section.

SECTION 6. IC 4-32-9-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 16. ~~The department may, by rule, set the allowable expenditures of a qualified organization with respect to an allowable event. All net proceeds from an allowable event and related activities may only be used for the lawful purposes of the qualified organization.~~ **(a) A qualified organization must use at least five percent (5%) of the qualified organization's gross receipts from an allowable event for:**

- (1) the lawful religious, charitable, community, or educational purposes for which the qualified organization is specifically chartered or organized; or**
- (2) the expenses relating to the acquisition, construction,**

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1 maintenance, or repair of any interest in real property
 2 involved in the operation of the qualified organization and
 3 used for the lawful religious, charitable, community, or
 4 educational purposes of the qualified organization.

5 (b) Except as provided in subsection (c), the department shall
 6 suspend, for six (6) months, all licenses issued under this article to
 7 a qualified organization that fails to meet the requirements of
 8 subsection (a).

9 (c) If a qualified organization is within one percent (1%) of the
 10 minimum use of proceeds requirement set forth in subsection (a)
 11 for a particular state fiscal year, the qualified organization may
 12 request the department's permission to make up the total dollar
 13 amount of the deficiency in the following state fiscal year. If the
 14 department approves the qualified organization's request:

15 (1) the qualified organization's license may not be suspended
 16 under subsection (b); and

17 (2) the total dollar amount of the deficiency is added to the
 18 percentage required under subsection (a) for the following
 19 state fiscal year.

20 (d) If a qualified organization described in subsection (c) fails to
 21 meet the minimum use of proceeds requirement determined under
 22 subsection (c) in the following subsequent state fiscal year, the
 23 department shall revoke all licenses issued to the qualified
 24 organization under this article and prohibit the qualified
 25 organization from applying for a new license for at least one (1)
 26 year.

27 SECTION 7. IC 4-32-9-35 IS ADDED TO THE INDIANA CODE
 28 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 29 UPON PASSAGE]: Sec. 35. (a) Except to the extent that the rule
 30 conflicts with a statute, the following are incorporated by reference
 31 into this section:

32 (1) 45 IAC 18-3-2 (as in effect January 1, 2002).

33 (2) 45 IAC 18-4-1 (as in effect January 1, 2002).

34 (3) 45 IAC 18-4-2 (as in effect January 1, 2002).

35 (4) 45 IAC 18-5-2 (as in effect January 1, 2002).

36 (b) The publisher of the Indiana Administrative Code may
 37 continue to publish the following in the Indiana Administrative
 38 Code:

39 (1) 45 IAC 18-3-2 (as in effect January 1, 2002).

40 (2) 45 IAC 18-4-1 (as in effect January 1, 2002).

41 (3) 45 IAC 18-4-2 (as in effect January 1, 2002).

42 (4) 45 IAC 18-5-2 (as in effect January 1, 2002).

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(c) The following rules, each as amended by LSA Document #2-40, are void:

- (1) 45 IAC 18-3-2.
- (2) 45 IAC 18-4-1.
- (3) 45 IAC 18-4-2.
- (4) 45 IAC 18-5-2.

(d) The following rules, each as added by LSA Document #2-40, are void:

- (1) 45 IAC 18-3-7.
- (2) 45 IAC 18-7-1.
- (3) 45 IAC 18-8-3.
- (4) 45 IAC 18-8-4.
- (5) 45 IAC 18-8-5.
- (6) 45 IAC 18-8-6.
- (7) 45 IAC 18-8-7.
- (8) 45 IAC 18-8-8.
- (9) 45 IAC 18-8-9.

SECTION 8. IC 4-32-9-36 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 36. A qualified organization may advertise a qualified event through a media outlet located outside Indiana.**

SECTION 9. IC 4-32-9-37 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 37. (a) As used in this section, "affiliated person" means:**

- (1) a member of the qualified organization;
- (2) an officer of the qualified organization;
- (3) a director of the qualified organization; or
- (4) a member of the immediate family of an individual listed in subdivisions (1) through (3).

(b) A qualified organization may not enter into a formal or informal agreement with an affiliated person for any purpose.

SECTION 10. IC 4-32-9-38 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 38. The:**

- (1) officers;
- (2) employees; or
- (3) agents;

of a manufacturer or distributor of charity gaming supplies or equipment may not become involved in the charity gaming operations of a qualified organization in any capacity other than through the sale or lease of charity gaming supplies or equipment.

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SECTION 11. IC 4-32-12-5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE UPON PASSAGE]: **Sec. 5. If an organization makes an application for a charity gaming license and after investigation by the department the application is denied because the organization has violated:**

- (1) IC 4-32-9-15;
- (2) IC 4-32-9-23;
- (3) IC 4-32-9-25;
- (4) IC 4-32-9-26;
- (5) IC 4-32-9-28; or
- (6) IC 4-32-9-29;

the organization may not reapply for a charity gaming license for a period of one (1) year after the date of the latest of the denial by the department, the exhaustion of the organization's administrative remedies, or the resolution of a resulting legal action.

SECTION 12. IC 4-32-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. An excise tax is imposed on the distribution of pull tabs, punchboards, and tip boards in the amount of ten percent (10%) of the ~~wholesale~~ price **for paid by the qualified organization that purchases** the pull tabs, punchboards, and tip boards.

SECTION 13. IC 4-32-15-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. A licensed entity ~~supplying~~ **distributing** pull tabs, punchboards, or tip boards under this article is liable for the tax. The tax is imposed at the time the licensed entity:

- (1) brings or causes the pull tabs, punchboards, or tip boards to be brought into Indiana for distribution;
- (2) ~~manufactures~~ **distributes** pull tabs, punchboards, or tip boards in Indiana; ~~for distribution~~; or
- (3) transports pull tabs, punchboards, or tip boards to qualified organizations in Indiana for resale by those qualified organizations.

SECTION 14. **An emergency is declared for this act.**

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